



# 2010 DIRECTOR'S GUIDANCE

**WARFIGHTER-FOCUSED, GLOBALLY RESPONSIVE SUPPLY CHAIN LEADERSHIP**



# DEFENSE LOGISTICS AGENCY

## Fiscal Year 2010 Director's Guidance

### DIRECTOR'S INTENT

The Defense Logistics Agency (DLA) continues to play a critical and increasing role in providing logistics support and collaborative leadership of the global supply chain for the Department of Defense (DoD). Given the ever-evolving global economic and political environment, our customers, mission partners and all our stakeholders will no doubt expect more from DLA in the months and years ahead.

In that regard, we published our DLA Director's Guidance for Calendar Year 2009 in January. It identified four strategic focus areas and 22 supporting initiatives for emphasis in 2009. We have made significant progress on these initiatives and recently decided the Director's Guidance would be Fiscal Year-based to best align with annual budgetary development and personnel performance objectives. We also reassessed our longer-term strategy in light of anticipated challenges in the future.

Thus this updated Director's Guidance for Fiscal Year (FY) 2010 includes perspective from our forthcoming Strategic Plan for FYs 2010-2017 and responds to expectations concerning DLA's most immediate challenges in FY 2010. We define three strategic focus areas for FY 2010 and beyond — Warfighter Support Enhancement, Stewardship Excellence and Workforce Development. The 20 supporting initiatives in this guidance include those from CY 2009 that still warrant special emphasis in FY 2010, as well as some new initiatives addressing emerging needs.

In that vein, we will continue to provide agile and responsive forward support in key operational areas such as Southwest Asia. We must expedite efforts to enhance DLA's supply, storage and distribution performance at the Military Services' industrial sites. We also must drive progress on various actions to enable more efficient stewardship of public resources and strengthen workforce development initiatives, while sustaining effective warfighter support.



There are numerous efforts under way across DLA that support daily business and ongoing enhancements. The initiatives in this guidance are those we consider of most import for FY 2010. As always, this guidance, our three focus areas and our 20 initiatives are based on one vital premise — *"Doing what is right for the Armed Forces and DoD."*

#### **A. S. THOMPSON**

Vice Admiral, SC, USN  
Director, DLA

## WHO WE ARE

### Mission

*We are America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to warfighters and our other customers.*

DLA is responsible for sourcing and providing nearly every consumable item used by our military forces worldwide, and we also procure Service-managed depot-level reparable. We manage nearly 5 million items in eight supply chains, supporting 1,600 weapons systems and involving 114,000 requisitions and 11,200 contract actions daily.

DLA provides a broad array of additional supply chain management services, including storage and distribution, enabling reutilization or disposal of surplus military assets, managing the defense national stockpile of strategic materiel, providing catalogs and other logistics information, and furnishing document automation and production services. We support U.S. allies through Foreign Military Sales and are a vital player whenever this country supports humanitarian relief efforts at home or abroad. We also provide human resources management and workforce development services to other DoD components.

Our FY 2010 initiatives are tied directly to enhancing mission support at the least possible cost—balancing effectiveness and efficiency to best meet warfighters' requirements in a period of increasing challenges and resource limitations.

### Vision

*Warfighter-focused, globally responsive supply chain leadership*

There are numerous current and emerging challenges ahead for the Armed Forces, DoD and our entire nation. As a result, warfighting and peacekeeping practices, industrial maintenance processes and systems-acquisition policies are rapidly changing to meet these challenges. There is clearly an associated need for more agile, responsive and efficient life-cycle logistics support. DLA's FY 2010 initiatives include initial and ongoing efforts directly linked to the types of logistics support that will help enable our country's success in this evolving environment.

### Values

These values are DLA's four basic guiding principles. They guide us in all that we do to achieve our mission, pursue our vision, and constantly do what is right for the Armed Forces and DoD—all day, every day, whatever we need to do, and wherever we need to do it:

- Warfighter needs guide us
- Integrity defines us
- Diversity strengthens us
- Excellence inspires us

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## BUILDING ON SUCCESS

As its mission evolved and expanded over the years, DLA constantly transformed to meet changing responsibilities and to use best supply-chain practices—while ensuring excellence in its day-to-day service to warfighters and those who support them. In this context, DLA identified five primary challenges that we addressed in the majority of our CY 2009 initiatives:

- Sustain current operations in various operational theaters, including the increasingly demanding theater of operations in Afghanistan.
- Reassess major initiatives and budget priorities, especially across the financial planning horizon.
- Continue to improve business-process outcomes for customers and taxpayers.
- Enable further improvements in information sharing, integration and assurance in supporting basic business operations and to promote a common logistics operating picture.
- Enhance DLA's ability to more quickly respond to unexpected challenges.

We made significant progress on each of these challenges, as well as emergent issues such as teaming with U.S. Transportation Command (USTRANSCOM) and U.S. Central Command (USCENTCOM) in developing a Northern Distribution Network in support of Operation Enduring Freedom (OEF).

Examples include:

- Successfully contributed to the sustained readiness of deployed forces. As examples of our in-theater operations, we sourced food and construction materiel support of the troop buildup in Afghanistan and processed one million U.S. gallons of fuel daily at the hub in Bagram. DLA's deployed support representatives in Bagram and Kandahar continue to reach back to the Agency's supply and distribution centers daily to orchestrate logistics support for the buildup of forces.
- Expedited cataloging and procurement of critical parts for Mine Resistant Ambush Protected (MRAP) vehicles and initiated similar actions for the MRAP All Terrain Vehicle (M-ATV) variant deploying to Afghanistan.
- Initiated potential alternate fuels/renewable energy solutions for DoD and the Federal government.
- Further integrated the Military Services' retail supply capabilities and workforce into DLA's



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operations at collocated industrial sites via the Base Realignment and Closure (BRAC) implementation process. Similarly commenced integrating the Services' contracting professionals who procure depot-level reparables.

- Expanded our Fusion Center to improve situational awareness of critical logistics support information.
- Placed the Agency's entire financial operations accounting processes under one supporting information system.
- Further refined our Enterprise Business System (EBS) and Distribution Standard System (DSS) capabilities and utilization.
- Prepared to support humanitarian-assistance efforts such as those that may arise from the impact of natural disasters or the H1N1 influenza virus.
- Conducted an extensive workforce cultural feedback survey whose high response rate and related feedback is informing additional actions to enable our workforce to perform optimally in support of our mission.

Numerous challenges remain that have impacted both our Strategic Plan update and the Director's Guidance initiatives for FY 2010. Foremost among them are supporting expanded warfighter needs forward such as in Afghanistan, while helping enable materiel reutilization and reset processes in Iraq and Kuwait and preparing to sustain global warfighter logistics support under increasingly constrained resourcing.



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## STRATEGIC FOCUS AREAS

We have identified three principal strategic focus areas in both our Strategic Plan for FY 2010-2017 and this Director's Guidance for FY 2010. They are:



- **Warfighter Support Enhancement:** Deliver agile and responsive logistics solutions to the warfighter



- **Stewardship Excellence:** Manage DLA processes and resources to deliver effective warfighter support at optimal cost



- **Workforce Development:** Foster a diverse workforce and supporting culture to deliver sustained mission excellence

We discuss these three strategic focus areas in some detail below, along with desired near-term outcomes for each.

In turn, we identify the 20 ongoing and new initiatives that DLA will emphasize to support both near-term FY 2010 and longer-term strategic progress in these focus areas. While many of the initiatives impact more than one focus area, we array them by the area they most predominantly support.



## DLA'S FY 2010 INITIATIVES

These initiatives collectively impact the entire Agency and require support across, and often beyond, DLA. Each initiative has a DLA Office of Primary Responsibility (OPR). The OPRs will develop detailed Plans of Action and Milestones (POA&Ms) and identify specific desired outcomes and related progress metrics. The OPRs will coordinate with DLA Offices of Collateral Responsibility (OCRs) and others external to the DLA enterprise.

We will pursue these 20 initiatives in parallel with ongoing strong support of our customers' operational needs and continued progress on other key projects.



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DLA's top priority is always warfighter support. This means logistics support of the readiness and sustainment of America's warfighters themselves and of industrial

activities and others whose own efforts are critical to preserving and enhancing our nation's and our allies' defense postures. It requires constant attention to ensure DLA's goals, processes and performance are synchronized with the needs of our warfighting customers, mission partners and other stakeholders.

Desired outcomes include:

- Strong support of expected and emergent warfighter requirements
- Continuous improvement in our expanded industrial support role
- Refined capabilities and related performance metrics that define DLA's commitments in supporting the current logistics needs and future challenges of the Combatant Commands (COCOMs) and Military Services
- A continually enhanced mission partnership with USTRANSCOM in its role as DoD's Distribution Process Owner (DPO), to better support end-to-end supply-chain management effectiveness and efficiency for DoD

### **Warfighter Support Enhancement (WSE) FY 2010 Initiatives:**

- 1. Ensure DLA resources and capabilities support expanded operations in Afghanistan (WSE-1). OPR: Logistics Operations and Readiness (J-3/4). Primary OCRs: The Defense Supply Centers (DSCs), Defense Energy Support Center (DESC), Defense Distribution Center (DDC), Defense Reutilization and Marketing Service (DRMS), Information Operations (J-6) and Acquisition Management (J-7)**

Complete the ongoing analysis of DLA resources needed to support OEF, to include deployed DLA Support Teams' staffing. Develop a FY 2010 plan for support of USCENTCOM OEF. The plan will detail integrated support efforts for all eight DLA supply chains and our distribution, reutilization and disposal capabilities, as well as related engagement strategies initiatives, e.g., Northern Distribution Network and Contingency Acquisition Support.

- 2. Build on existing efforts to ensure DLA supports a responsible drawdown effort in the Iraqi theater and related Service resets (WSE-2). OPR: J-3/4. Primary OCRs: DSCs, DESC, DDC and DRMS**

DLA will focus on clarifying materiel disposition and reset support requirements, codifying roles and responsibilities for Agency organizations,

and coordinating a DLA drawdown/reset Common Operating Picture (COP) to support execution. We will establish a structured plan for DLA activities needed to support responsible drawdown and reset, to include:

- ▶ Impact of materiel retrograde and reset on demand and supply planning
- ▶ Depot capacity and workload requirements to support retrograde materiel
- ▶ Disposal and reutilization requirements in Iraq, Kuwait and the Continental U.S. (CONUS)

**3. Improve integration and performance in BRAC mission areas (WSE-3). OPR: J-3/4. Primary OCRs: DSCs, DDC, J-6 and J-7**

Implement policy, procedural, systemic and organizational capabilities to deliver optimized support to customers in mission areas realigned to DLA by the BRAC 2005 decisions (e.g., supply, storage and distribution support of industrial sites, and procurement of Services' depot-level repairables).

**4. Lead departmental efforts to execute alternative fuel/renewable energy (AFRE) solutions for the warfighter (WSE-4). OPR: DESC**

Lead DoD's efforts to bring AFRE solutions to the warfighter in the following five specific areas:

- ▶ Leverage research and development (R&D) contracting to develop and deliver hydro-treated renewable jet fuels from biomass oil sources in required quantities sufficient

to support Air Force and Navy aircraft certification testing.

- ▶ Leverage R&D contracting to develop and deliver algae oil-derived F-76 marine fuel in required quantities sufficient to support Navy engine testing/certification.
- ▶ Conduct R&D studies to advance state of knowledge on intricacies of AFRE development and potential for operational usage.
- ▶ Leverage renewable energy acquisition expertise to support DoD and Federal civilian installation photovoltaic and energy savings requirements.
- ▶ Actively participate in senior DoD AFRE working groups to assist in development and harmonization of AFRE policies.

**5. Design and develop a DLA retail strategy to optimize related supply chain performance factors (WSE-5). OPR: J-3/4. Primary OCRs: DSCs and DDC**

Partner with Service customers to implement logistics capabilities that optimize retail elements of end-to-end supply-chain performance through efficiencies in inventory planning, investment, positioning and delivery.

**6. Build the Joint Contingency Acquisition Support Office (JCASO) to full operational capability and begin operations (WSE-6). OPR: J-7**  
JCASO is the organization designed to provide a program management approach to contingency acquisition requirements as mandated by



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Section 854 of the FY 2007 National Defense Authorization Act (NDAA). DLA will build JCASO to full operational capability and commence operations in FY 2010:

- ▶ We will develop and maintain a trained, technically competent, deployable cadre of acquisition experts who remain operationally focused and are able to “chop” to a COCOM upon orders to deploy.
- ▶ The JCASO team will work closely with the COCOMs to ensure contract resources are included in operation plans (OPLANS) and contingency plans (CONPLANS), participate in COCOM exercises and training events to advance acquisition-management expertise and provide a deployable contingency contract management capability to COCOMs when requested.
- ▶ The deployed JCASO will act as the COCOMs’ single point of contact for contingency contracting and contractor personnel issues.

**7. Design the future DDC distribution and reverse logistics capability by evaluating results of a Broad Agency Announcement (BAA) and executing accordingly (WSE-7). OPR: DDC. Primary OCRs: J-3/4 and DRMS**

DLA is seeking new methodologies, tools and philosophies to help optimize the distribution enterprise through the design and development of new processes to meet mission requirements. We also intend to evaluate new products or

services (or improve those already in use) to meet expected performance objectives. Tenets of an optimized approach sought through this BAA and follow-on actions include:

- ▶ Distribution via one overall process encompassing all classes of supply with materiel strategically positioned within the distribution/disposal network to meet customer expectations at the lowest cost
- ▶ Leveraging of commercial best practices
- ▶ Integration of reverse logistics into our stock-positioning strategy
- ▶ An agile architecture that can incorporate potential near- and long-term additions to the distribution network and enable further integration of supply, distribution and transportation Information Technology (IT) systems to provide enhanced end-to-end asset visibility

**8. Actively engage with the Services’ Program Managers and Program Executive Officers to determine how to provide strategic support throughout logistics life-cycle management (WSE-8). OPR: J-7. Primary OCRs are J-3/4, J-6, the DSCs and the Defense Logistics Information Service (DLIS)**

In collaboration with Military Service senior logistics staffs, DLA will directly engage with the Military Services’ Program Managers (PMs) and Program Executive Officers (PEOs) to determine how DLA can provide strategic support



throughout the logistics life-cycle (LLC) management process. Engagement will take place before or during the Materiel Solution Analysis Phase of the LLC process. DLA will then develop a value proposal outlining the types and scope of support that can be provided, and formalize that support in Performance Based Agreements (PBAs) with the PMs/PEOs.

**9. Revise performance metrics with key stakeholders to further align Agency performance with mission priorities (WSE-9). OPR: J-3/4. Primary OCRs are the DSCs, DESC, DDC and DRMS**

We are revising DLA's overall performance metrics to better align our metrics/goals with those of our customers. We will share these metrics with our customers in DLA's fusion center and at periodic performance-review sessions to provide a common operating picture of DLA's performance in support of our stakeholders. DLA will collaborate with our stakeholders to update PBAs with these new performance metrics.

**10. Enhance DLA's partnership with Engineering Support Activities (WSE-10). OPR: J-3/4. Primary OCRs are the DSCs**

DLA will continue efforts in partnership with the Military Services and the Office of the Secretary of Defense (OSD) to enhance all aspects of the engineering support process that impact DLA's ability to provide effective support of procurements of depot-level reparable and complex consumable items. This effort will also aid in resolving issues related to item obsolescence.

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## STEWARDSHIP EXCELLENCE



DLA's responsibilities have continued to grow in recent years as BRAC 2005 and other factors have driven us increasingly forward with the warfighters and industrial

sites. DLA has also been deeply involved in new or expanding partnerships with various commands and agencies. It is in this context that we will continue to assess current and potential roles and related processes to ensure that we deliver maximum payoff from taxpayer resources while effectively supporting the warfighter. And at a time when it is critical to maximize sharing and integration of key information and other assets, we must also prevent their compromise.

Desired outcomes include:

- Continued identification of improvements in key processes and/or the enabling IT systems
- Greater agility in monitoring operational and fiscal performance and responding to challenges, trends and other events
- Active identification and implementation of additional efficiencies and risk-mitigation practices

### *Stewardship Excellence (SE) FY 2010 Initiatives:*

#### **11. Assess and resolve remaining Nuclear Weapons-Related Materiel (NWRM) vulnerabilities (SE-1).**

**OPR: J-3/4. Primary OCRs are DDC and J-6**

DLA will continue to aggressively pursue those efforts needed to ensure DLA and its mission partners complete comprehensive action plans to achieve positive inventory control of NWRM items.

#### **12. Continue to achieve significant progress in delivering desired functionality for business processes as enabled by EBS enhancements (SE-2).**

**OPR: J-6. Primary OCRs are DLA's functional sponsors (FS) noted below and the DSCs**

To deliver key functionality improvements, we will achieve significant milestones on several approved EBS follow-on programs, including:

- A replacement procurement program that will include improved capabilities to procure depot-level repairables (EProcurement). FS: J-7
- An integrated capability for DESC's energy management (Energy Convergence). FS: DESC
- A modernized system to support DRMS' reutilization, transfer and disposal processes (Reutilization Business Integration). FS: DRMS
- Other selected EBS system enhancements that enable support of our BRAC-related responsibilities at industrial sites. FS: J-3/4

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- 13. Institute a “futures group” assessment capability. This group will conduct timely analyses of the expected warfighter readiness and sustainment-related environment and develop potential options to ensure the Agency can provide optimal combat logistics support (SE-3). OPR: Enterprise Transformation (J-5), with support across DLA**

DLA already has an expanded forward/retail logistics role, and DoD is assessing various options that will impact future warfighting and peacekeeping support requirements. It is essential that DLA have an agile and responsive analytical team that can advise senior leadership on related transformational issues and potential responses by DLA. This will position us to be as responsive as possible to the emerging needs of warfighters and other key stakeholders.

- 14. Identify and program cost reduction opportunities into Program Budget Review (PBR) 12 (SE-4). OPR: Financial Operations (J-8), with support across DLA**

With the expectation that DoD resources will become increasingly constrained over the next several years, it is important that we rationalize Agency initiatives and associated resources and ensure we maintain effective warfighter support. We need to identify and execute opportunities to reduce our core costs and the related financial impact on our customers. Candidates for review include physical plant, information technology support, materiel costs and labor.

- 15. Use a portfolio of processes and tools to streamline inventories while improving warfighter support in a constrained fiscal environment (SE-5). OPR: J-3/4. Primary OCRs are the DSCs, DDC, DRMS, DESC, J-7 and J-8**

We will employ collaborative demand and supply planning enhancements, Inventory Policy Optimization, the Sales and Operations Planning (S&OP) process, and associated refined or new capabilities to continue to meet key performance objectives within available resources.

- 16. Pilot additional means to ensure productive benefits from Web 2.0 processes and technology (SE-6). OPR: Strategic Communications (DC) Primary OCR is J-6**

DLA is constantly striving to make effective use of emerging web technology and related practices while assuring we do not compromise our cyber security posture. We have made related progress by enhancing our internal and external-facing web sites. In FY 2010 we will pursue further efforts, such as an internal version of a social networking capability, as part of a complete re-design of DLA’s eWorkplace knowledge management and collaboration tool. With due consideration of evolving DoD guidance in this area, we will also explore the potential benefits of other Web 2.0 concepts to enhance informal communications with those within and external to DLA.



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## WORKFORCE DEVELOPMENT



DLA's workforce remains vital to our current and long-term success in effectively supporting the warfighter at optimal cost. We must enable our workforce to capitalize on

their skills, experience and potential, and prepare to manage the transition as retirements increase in the years ahead. We must leverage the diverse backgrounds and abilities of our people—both civilians and the active duty and reserve military. We will also reassess our forward footprint of DLA personnel to most effectively utilize our workforce to support forward industrial and operational sites.

Desired outcomes include:

- Effective post-culture survey follow-on actions to enhance employees' opportunities to support DLA's mission
- Identification of skill gaps and related education, training and experience opportunities
- Refinement of DLA's overall recruitment and training programs as appropriate to capitalize on the diverse backgrounds, skills and potential of DLA's workforce

### **Workforce Development (WD) FY 2010 Initiatives:**

#### **17. Support diversity and its related benefits through collaborative efforts focused on recruitment, development and retention (WD-1). OPR: Human Resources (J-1), with support across DLA**

DLA must take advantage of the richness of perspective that a diverse workforce brings to development, execution and sustainment of logistics excellence. We will increase the participation rates of targeted groups in general, and in top positions in particular, through enterprise-wide collaborative efforts focused on recruitment, development and retention.

#### **18. Use our recent culture survey results to prioritize, design and develop ways to enhance DLA's work environment (WD-2). OPR: J-1, with support across DLA**

The results of the 2009 DLA survey revealed opportunities to further improve DLA's culture and its impact on the workforce's ability to perform at their full potential. We will prioritize related improvement opportunities and design and implement initiatives that enhance our workforce's opportunities to maximize their contributions to mission success.



**19. Analyze and provide recommendations on the appropriate DLA Forward personnel footprint at CONUS and OCONUS locations (WD-3). OPR: J-3/4. Primary OCRs are the DSCs, DESC, DDC, DRMS, J-1 and J-7**

With the expansion of DLA personnel into forward positions to support the needs of BRAC and Areas of Responsibility (AORs), we will analyze and provide recommendations on the appropriate DLA footprint in CONUS and outside continental United States (OCONUS) locations. This includes a process to identify the positions and competencies needed at remote locations and expand the number of personnel with the related expertise and supporting tools to effectively and efficiently meet mission needs.

**20. Continue progress on the Talent Management Program through emphasis on workforce planning, strategic recruitment and training and further development of subject matter experts (WD-4). OPR: J-1, with support across DLA**

The DLA Talent Management Program supports an enterprise-wide strategy to ensure our workforce has the right skills to meet our current and future mission requirements. We will continue to concentrate on three focus areas:

- Workforce planning through a systematic, integrated, competency-based process
- Strategic recruitments through implementation of refreshed recruitment tools and approaches
- Improved training and development by implementing strategies to address existing skill gaps, enhance readiness for future mission requirements and expand opportunities for individual growth



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## STAYING THE COURSE

FY 2010 will be another demanding year for DLA and all we serve. It is vital we ensure a sustained focus on the above 20 initiatives to help meet desired outcomes in our three strategic focus areas.

The DLA Executive Board, representing the Agency's most senior leadership, meets monthly to oversee our business performance and guide implementation of the initiatives in the Director's Guidance for FY 2010. The Executive Board will monitor status regularly to assess progress, remove obstacles and achieve our objectives.

We will periodically post developments on DLA's public web site at [www.dla.mil](http://www.dla.mil), as we continue our drive in FY 2010 to be constantly high performing, customer-focused, globally responsive and resource efficient—a full-spectrum Combat Logistics Support Agency, doing what is right for the Armed Forces and DoD.





*DOING WHAT IS RIGHT FOR THE ARMED FORCES AND DoD*

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